

## **BUSINESS MODELING IN THE DIGITAL ECONOMY**

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Fourth industrial revolution, artificial intelligence and digital communications entirely lead to the changes in the approaches to the business modeling. The ecosystems of the businesses more than ever before engage all kind of stakeholders to the process of value creation.

The most famous and popular way worldwide to design the business model currently is Business Model Canvas developed by Alex Osterwalder. But this model is based on the “value proposition” from the business to consumers as the main component. Co-creation of value demands consumer involvement into this process.

Digital technologies open for us many solutions to connect with the consumers, collect data and personalize the products and value delivering. According the last “We are social” report Internet penetration reached 50% of total world population on January 2017. At the same time active mobile users added 30% in comparison with the January 2016. It is 2.549 billion active mobile users worldwide. Mobile devices are helping us to stay connected with each other and businesses via product and companies’ brands.

GfK Global and A.T.Kearney monitor the digital economy phenomenon – “connected consumers”. Based on A.T.Kearney report 2014, the range of connected consumers who prefer to shop online is 31% - 84%. It means that the next step for this audience is the participation in the personalized value creation. Development of the fintech services in the other hand supports the value creation and delivering for the end consumers.

John Sviokla, head of Global Thought Leadership at PwC, suggested the strategies for value creation based on two dimensions: knowledge of the end customer and business design. He defined the Ecosystem Drivers as one the strategies. These kinds of businesses have deep end-customer knowledge and a broad supply base. They leverage these dimensions to provide consumers with a seamless experience, selling not only their own proprietary products and services but also those from providers across the entire ecosystem. Thus, they create value for themselves while extracting rent from others.

The value is creating through the entire supply chain by the participation of business, its partners/providers and end consumer. The measure of participation of end consumer in the personalized value creation will depend on his/her engagement in this process. But the world of personal brands which we create by the use of different social media demands people uniqueness and attractiveness for the subscribers. The role of business will be to suggest this opportunity and do it as easier and transparent this can be. The biggest challenge by this kind of business modeling is to define the contribution in the final value of each participant of such collaboration. The revenue streams generation and business performance as the result will be measured by the using many intangible assets evaluation models, those are not so useful currently.